Before the
Federal Communications Commission
Washington, D.C. 20554

In the Matter of	)	
	)	
Policy and Rules Concerning the Interstate Interexchange Marketplace	)	CC Docket No. 96-61
	)	
Implementation of Section 254(g) Of the Communications Act of 1934, As Amended	)	
	)	

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COMMENTS OF AMERITECH

I. Introduction

Ameritech files these Comments in response to the Further Notice of Proposed Rule Making in this matter.[1] As noted in the FNPRM,[2] the Commission has rejected several Petitions for Reconsideration of its initial decision that the rules implementing section 254(g) of the Communications Act of 1934, as amended, apply to interstate, interexchange services offered by providers of Commercial Mobile Radio Services ("CMRS"). However, the FNPRM's proposed treatment of several subtopics under the general heading of "rate integration" make clear that applying such cumbersome regulatory requirements to CMRS providers would be counter productive, especially in light of the extremely competitive nature of the CMRS marketplace and the rapidly-

[1] In the Matter of Policy and Rules Concerning the Interstate Interexchange Marketplace; Implementation of Section 254(g) of the Communications Act of 1934, as Amended, CC Docket No. 96-61, Further Notice of Proposed Rulemaking, FCC 99-43, rel. April 21, 1999 (hereinafter 'FNPRM").

[2] FNPRM, ¶¶ 5, 7.

advancing technologies used to provide CMRS. The very essence of nearly all CMRS services is their inherent mobility, and radio waves do not respect LATA or MTA boundaries any more than they do state boundaries. For the reasons that follow, the geographic deaveraging of interstate, interexchange CMRS offerings should not apply to so-called "wide-area" and roaming services, nor should deaveraging be required across cellular and PCS offerings. Moreover, the Commission should not adopt affiliation rules that require rate integration across multiple carriers in which a single entity holds ownership rights.

II. Wide Area and Roaming Services

Ameritech agrees with those parties who argue that CMRS providers are free to establish any area(s) they choose as an "exchange" area. Because calls within such an area are not subject to a separate "toll" charge, they are not interexchange services and are thus not within the reach of the rate deaveraging requirement of section 254(g) -- which by its terms only extends to "interexchange telecommunications services."

This interpretation is consistent with the business realities of the CMRS marketplace. It simply makes no economic sense to force carriers to incur needless costs for network and billing system modifications solely to facilitate the imposition of a regulatory scheme based on artificial fixed boundaries, when the communications service upon which the scheme is imposed is inherently tetherless. A wireless handset which crosses MTA or BTA boundaries during a call cannot sensibly be regarded as changing its regulatory status (or the related regulatory duties of a CMRS provider) for that reason.

Furthermore, such an artificial regulatory construct would result in the averaging of rates in high-cost and low-cost areas, and would create obvious economic incentives for carriers to avoid providing service in higher-cost areas. This result, of course, would be precisely opposite to the intent of section 254.[3] It would also work against the achievement of the Commission's goal of balancing "the objective of fostering competitive market conditions with the goals of rate integration."[4] The wireless services marketplace is already competitive; imposing a new nationwide rate subsidy structure could only make it less so.[5]

III. Affiliation Requirements

The Commission's tentative conclusion that the application of rate integration requirements across CMRS affiliates is "consistent with the Congressional intent of section 254(g)"[6] is incorrect. As noted in the FNPRM,[7] CMRS ownership structures are

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[3] The State of Hawaii argues that all calls between Commission-defined "exchange areas" should be subject to rate integration so as to avoid excluding Hawaii from a "postalized rate" structure (FNPRM, ¶ 12). The obvious commercial result of such a scheme would be the immediate shrinkage of all wide-area CMRS calling plans, to the detriment of customer choice and convenience in a highly-competitive industry. At bottom, this plea is a call for the Commission to impose an implicit subsidy -- in Hawaii's favor, of course -- in all CMRS rates. Congress could not have had this result in mind when it removed state jurisdiction over "the rates charged by any commercial mobile service" (47 U.S.C. 332[c][3]).

[4] FNPRM, ¶ 16.

[5] For example, Ameritech's cellular operation in Kauai, Hawaii currently offers some of the lowest rates in the nation. Requiring full-blown rate integration could, in fact, increase these rates to the detriment of consumers in that area.

[6] FNPRM, ¶ 18.

[7] FNPRM, ¶ 20.

in fact very complicated arrangements, often binding carriers that compete with each other in different market segments. To impose affiliation requirements that force related carriers to adopt identical rate structures would undeniably deprive customers of the benefits of pricing flexibility, in the form of choice among competing rate plans. Forbearance from the application of any affiliation requirement for purposes of CMRS rate integration is clearly warranted by current market conditions.

IV. Integration of Cellular and PCS Services

For many of the same reasons, integration of rates for cellular and broadband PCS services should not be required. As BellSouth correctly points out,[8] such a requirement would place additional competitive pressures on PCS providers, who must fund their entire network buildouts while attempting to differentiate their services from those of the long-entrenched cellular providers with which they must compete for market share. For their part, cellular service providers -- most of whom have operated in an embedded-cost mode for years -- are confronted by the substantial costs of digital network upgrades, as well as those of coverage improvements and service/feature additions spurred by the competition from new PCS entrants. It makes no sense to force these two disparate groups of services and service providers to fit under an integrated rate and cost structure, and to thus arbitrarily skew their market strategies and funding approaches. Indeed, to do so would be the very antithesis of the free-market competition which the Commission

[8] FNPRM, ¶ 32 (citing BellSouth Petition at 24).

espouses for all telecommunications markets in general[9] -- and for the wireless marketplace in particular.

V. Conclusion

For the reasons discussed above, the Commission should refrain from imposing these proposed measures to implement rate deaveraging upon the CMRS marketplace.

Respectfully submitted,

Frank M. Panek

Frank Michael Panek
Counsel for Ameritech
2000 West Ameritech Center Dr.
Room 4H84
Hoffman Estates, IL 60195
(847) 248-6064

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[9] See, e.g., First Report and Order, Docket 96-98, 11 FCC Rcd. 15499 (1996), ¶¶1-3, 45.